

CASS COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2020

Cass County
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Cass County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark O'Brien	Board of Supervisors	January, 2023
John Hartkopf	Board of Supervisors	January, 2023
Frank Waters	Board of Supervisors	January, 2021
Steve Baier	Board of Supervisors	January, 2021
Stephen Green	Board of Supervisors	January, 2021
Dale E. Sunderman	County Auditor	January, 2021
Tracey J. Marshall	County Treasurer	January, 2023
Mary Ward	County Recorder	January, 2023
Darby McLaren	County Sheriff	January, 2021
Vanessa Strazdas	County Attorney	January, 2023
Brenda Nelson	County Assessor	January, 2022

Gronewold, Bell, Kyhnn & Co. P.C.

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CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Officials of Cass County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Iowa as of and for the year ended June 30, 2020, and related notes to financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Cass County as of June 30, 2020 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Officials of Cass County

Emphasis of a Matter

As discussed in Note 15 to the financial statements, Cass County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of County Contributions on pages 3 through 3f and on pages 43 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2021 on our consideration of Cass County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cass County's internal control over financial reporting and compliance.

Banerjee, Ben, Kohn & W.P.C.

Atlantic, Iowa
March 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cass County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2020. The beginning net position for fiduciary (custodial) funds was restated by \$420,531 to retroactively report fiduciary funds in accordance with the GASBS.
- Revenues of the County's governmental activities increased 3.0%, or approximately \$497,000, from Fiscal 2019 to Fiscal 2020. Property and other County Taxes and Local Option Sales Tax decreased approximately \$5,000. Operating Grants and Contributions increased approximately \$28,000, and Capital Grants and Contributions increased by approximately \$361,000.
- Program expenses of the County's governmental activities decreased 12.8%, or approximately \$1,915,000, less in Fiscal 2020 than in Fiscal 2019. Public Safety and Legal Services increased \$88,000, County Environment and Education increased \$29,000, Roads and Transportation decreased \$2,360,000, and Administration increased \$338,000.
- The County's net position increased 11.6%, or approximately \$4,007,000, from June 30, 2019 to June 30, 2020.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Cass County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Cass County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Cass County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for E911, emergency management services, and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Cass County's combined net position increased from \$34.50 million to \$38.51 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2020
Current and Other Assets	\$ 18,062	\$ 20,017
Capital Assets	30,020	32,632
Total Assets	48,082	52,649
Deferred Outflows of Resources	1,106	913
Long-Term Liabilities	6,048	5,520
Other Liabilities	585	384
Total Liabilities	6,633	5,904
Deferred Inflows of Resources	8,051	9,147
Net Position:		
Net Investment in Capital Assets	27,292	30,134
Restricted	7,533	8,915
Unrestricted	(321)	(538)
Total Net Position	\$ 34,504	\$ 38,511

Net position of Cass County's governmental activities increased approximately \$4,007,000, or 11.6% during the year. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets, since they are unavailable for future spending. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased from approximately \$(321,000) at June 30, 2019 to approximately (\$538,000) at the end of this year.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2020
Revenues		
Program Revenues:		
Charges for Services	\$ 539	\$ 582
Operating Grants, Contributions, and Restricted Interest	4,225	4,253
Capital Grants, Contributions, and Restricted Interest	796	1,157
General Revenues:		
Property and Other County Tax	7,129	7,318
Penalty and Interest on Property Tax	58	107
State Tax Credits	699	677
Local Option Sales Tax	886	692
Unrestricted Investment Earnings	221	222
Miscellaneous	2,004	2,046
Total Revenues	16,557	17,054
Program Expenses		
Public Safety and Legal Services	2,893	2,981
Physical Health and Social Services	468	429
Mental Health	249	371
County Environment and Education	552	581
Roads and Transportation	6,814	4,454
Governmental Services to Residents	647	559
Administration	3,201	3,539
Non-program	72	74
Interest on long-term debt	66	59
Total Expenses	14,962	13,047
Change in Net Position	1,595	4,007
Net Position, Beginning of Year	32,909	34,504
Net Position, End of Year	\$ 34,504	\$ 38,511

Revenues of the County's governmental activities increased 3.0%, or approximately \$497,000, from Fiscal 2019 to Fiscal 2020. State Tax Credits decreased approximately \$22,000. Operating Grants and Contributions increased approximately \$28,000, and Capital Grants and Contributions increased by \$361,000.

Fiscal 2020 saw an increase in total taxable valuation of \$30,124,019, which is a 3.1% increase, with the total tax asking increasing by \$243,400, or 3.3%.

The cost of all governmental activities this year was \$13.05 million, a decrease of \$1.92 million when compared to last year. However, as shown in the Statement of Activities on page 6, the amount taxpayers ultimately financed for these activities was \$7.06 million because some of the cost was paid by those directly benefited from the programs (\$582,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,410,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased from approximately \$5,560,286 in 2019 to \$5,991,955 in 2020, principally due to the increase in Capital Grants, Contributions, and Restricted Interest. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$11,061,866 in property and local option taxes (some of which could only be used for certain programs) and other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Cass County completed the year, its governmental funds reported a combined fund balance of \$10.44 million, an increase of approximately \$1,066,000 from last year's total of \$9.37 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund, the operating fund for Cass County, ended Fiscal Year 2020 with a fund balance totaling \$2,037,762. This was a decrease from Fiscal Year 2019 of \$91,788.
- The Rural Services Fund ended Fiscal Year 2020 with a fund balance of \$1,181,679. This was a decrease from Fiscal Year 2019 of \$91,488.
- The Secondary Roads Fund ended Fiscal Year 2020 with a fund balance of \$3,459,698, up \$644,459 when compared to the ending balance for Fiscal Year 2019. The County continues to work for Federal and State grants and shared funding projects, such as FEMA, EWP, etc., to help offset the maintenance costs to local taxpayers.
- The Local Option Sales Tax Fund balance at year end increased by \$92,084 from the prior year.
- The Capital Projects Fund ended Fiscal Year 2020 with a fund balance totaling \$2,003,853. This was an increase from Fiscal Year 2019 of \$587,996.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following a required public notice and hearing for all funds except Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis. Cass County did not amend its budget during the fiscal year.

The County's total receipts of \$13,754,803 were \$955,931 less than budgeted. The County's total disbursements of \$12,848,792 were \$6,222,292 less than budgeted.

The County exceeded the budgeted amounts in the debt service function for the year ended June 30, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Cass County had approximately \$32.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is an approximate \$2,612,000 increase (including additions and deletions) from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2019	2020
Land	\$ 1,352	\$ 1,352
Construction in Progress	9	11
Buildings and Improvements	880	839
Equipment and Vehicles	2,886	3,042
Infrastructure	24,893	27,388
	<u>\$ 30,020</u>	<u>\$ 32,632</u>

The County had depreciation expense of \$1,551,978 in Fiscal Year 2020 and total accumulated depreciation of \$12,763,538 at June 30, 2020. The County's Fiscal Year 2020 capital budget included \$3,893,000 for capital projects, principally for bridge construction. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

In July of 2015, the County entered into a \$360,000 general obligation note payable through a local bank to refinance the January, 2014 real estate installment contract. At the end of FY2020 the general obligation note payable remaining was \$ - 0 - .

In August of 2017, the County issued \$2,498,000 of general obligation bonds through a local bank to finance the completion of infrastructure improvements at the local Ethanol Plant. At the end of FY2020, the General Obligation note payable remaining was \$2,498,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cass County's Board of Supervisors considered many factors for the fiscal year 2021 budget, including tax rates, the local economic conditions and funding of various County services. One of those factors was the economy. The County experienced an increase in its insurance costs – liability and workmen's compensation. The population of Cass County as estimated for 2020 was 12,724. The county compensation board recommended a 2.9% increase for the auditor, recorder, sheriff, treasurer and supervisors; and an annual salary of \$120,000 for the attorney. The board of supervisors chose to reduce the recommended 2.9% salary increases to 2.1% with a like percentage reduction for the Attorney for FY2021. Other employees, both members of bargaining units and those not members of bargaining units, received comparable wage increases.

Cass County's Board of Supervisors in FY2018 began a five-year plan to build up a restricted capital projects fund balance of \$2,500,000 to be used for potential capital projects including replacement of the courthouse heating and cooling system and windows. That plan was continued for FY2021.

The County attempts to keep all departmental budgets to as small an increase as practical to help alleviate the difference between revenue and expenditures in an effort to maintain all current county programs. FY2021 property tax dollars (including Utility Replacement dollars) levied for General Countywide Services were \$4,886,788, which represented a 2% increase. Property tax dollars (including Utility Replacement dollars) levied for Rural County Services were \$2,802,340, which represented a 1.98% increase.

If projections are realized, during FY 2021 the general and rural fund balances should be maintained and the Capital Projects fund balance should increase by \$500,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Cass County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Cass County Auditor's office, Cass County Courthouse, Atlantic, IA 50022, telephone (712)243-4570.

Cass County
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 11,278,026
Receivables:	
Property tax:	
Delinquent	81,003
Succeeding year	8,446,000
Interest and penalty on property tax	4,740
Accounts	19,427
Accrued interest	15,201
Due from other funds	1,968
Due from other governments	86,225
Inventories	84,605
Capital assets (net of accumulated depreciation)	32,631,534
Total assets	<u>52,648,729</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>912,998</u>
Liabilities	
Accounts payable	136,460
Accrued interest payable	4,620
Salaries and benefits payable	186,512
Due to other governments	56,959
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	270,723
General obligation debt	423,000
Portion due or payable after one year:	
General obligation debt	2,075,000
Net pension liability	2,750,895
Total liabilities	<u>5,904,169</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	8,446,000
Pension related deferred inflows	701,055
Total deferred inflows of resources	<u>9,147,055</u>

(continued next page)

Cass County
Statement of Net Position - continued
June 30, 2020

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 30,133,534
Restricted for:	
Mental health purposes	211,328
Rural service purposes	1,147,020
Secondary roads purposes	3,345,527
Capital projects	2,003,853
Other purposes	2,206,893
Unrestricted	<u>(537,652)</u>
Total net position	<u>\$ 38,510,503</u>

See notes to financial statements.

Cass County
Statement of Activities
Year ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 2,981,302	\$ 249,725
Physical health and social services	428,591	--
Mental health	371,100	--
County environment and education	580,682	14,917
Roads and transportation	4,454,400	--
Governmental services to residents	558,784	317,161
Administration	3,539,141	--
Non-program	73,596	--
Interest on long-term debt	<u>59,323</u>	<u>--</u>
Total	<u>\$ 13,046,919</u>	<u>\$ 581,803</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net position		
Net position beginning of year		
Net position end of year		

See notes to financial statements.

<u>Program Revenues</u>		
<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
\$ 44,777	\$ --	\$(2,686,800)
109,506	--	(319,085)
48,234	--	(322,866)
52,403	--	(513,362)
3,839,882	1,156,817	542,299
--	--	(241,623)
158,533	--	(3,380,608)
--	--	(73,596)
--	--	(59,323)
<u>\$ 4,253,335</u>	<u>\$ 1,156,817</u>	<u>(7,054,964)</u>

7,317,781
 107,208
 677,228
 692,299
 221,385
2,045,965

11,061,866

 4,006,902

34,503,601

\$ 38,510,503

Cass County
Balance Sheet
Governmental Funds

June 30, 2020

	<u>General</u>	<u>Special Revenue Rural Services</u>
Assets		
Cash and pooled investments	\$ 2,173,215	\$ 1,182,756
Receivables:		
Property tax:		
Delinquent	55,965	21,661
Succeeding year	4,745,000	2,699,000
Interest and penalty on property tax	4,740	--
Accounts	16,977	--
Accrued interest	15,201	--
Due from other funds	1,968	24,035
Due from other governments	17,751	2,440
Inventories	<u>--</u>	<u>--</u>
Total assets	<u><u>\$ 7,030,817</u></u>	<u><u>\$ 3,929,892</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 44,790	\$ 6,658
Salaries and benefits payable	95,755	30,729
Due to other governments	54,771	--
Due to other funds	--	--
Compensated absences	22,444	4,229
Total liabilities	<u>217,760</u>	<u>41,616</u>
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	4,745,000	2,699,000
Other	<u>30,295</u>	<u>7,597</u>
Total deferred inflows of resources	<u>4,775,295</u>	<u>2,706,597</u>

(continued next page)

Special Revenue		Capital Projects	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ 3,501,979	\$ 612,022	\$ 2,003,853	\$ 1,117,080	\$ 10,590,905
--	--	--	3,377	81,003
--	--	--	1,002,000	8,446,000
--	--	--	--	4,740
2,450	--	--	--	19,427
--	--	--	--	15,201
--	--	--	--	26,003
5,945	60,088	--	1	86,225
84,605	--	--	--	84,605
<u>\$ 3,594,979</u>	<u>\$ 672,110</u>	<u>\$ 2,003,853</u>	<u>\$ 2,122,458</u>	<u>\$ 19,354,109</u>
\$ 55,714	\$ 3,486	\$ --	\$ 3,524	\$ 114,172
58,551	--	--	1,477	186,512
150	488	--	1,550	56,959
--	24,035	--	--	24,035
20,866	--	--	998	48,537
<u>135,281</u>	<u>28,009</u>	<u>--</u>	<u>7,549</u>	<u>430,215</u>
--	--	--	1,002,000	8,446,000
--	--	--	1,494	39,386
--	--	--	<u>1,003,494</u>	<u>8,485,386</u>

Cass County
Balance Sheet
Governmental Funds - continued

June 30, 2020

	<u>General</u>	<u>Special Revenue Rural Services</u>
Fund balances:		
Nonspendable:		
Inventories	\$ --	\$ --
Restricted for:		
Mental health purposes	--	--
Rural services purposes	--	1,181,679
Secondary roads purposes	--	--
Other purposes	--	--
Unassigned	<u>2,037,762</u>	<u>--</u>
Total fund balances	<u>2,037,762</u>	<u>1,181,679</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 7,030,817</u>	 <u>\$ 3,929,892</u>

See notes to financial statements.

Special Revenue		Capital Projects	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ 84,605	\$ --	\$ --	\$ --	\$ 84,605
--	--	--	208,836	208,836
--	--	--	--	1,181,679
3,375,093	--	--	--	3,375,093
--	644,101	2,003,853	902,579	3,550,533
--	--	--	--	2,037,762
<u>3,459,698</u>	<u>644,101</u>	<u>2,003,853</u>	<u>1,111,415</u>	<u>10,438,508</u>
<u>\$ 3,594,979</u>	<u>\$ 672,110</u>	<u>\$ 2,003,853</u>	<u>\$ 2,122,458</u>	<u>\$ 19,354,109</u>

Cass County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Position

June 30, 2020

Total governmental fund balances (page 8) \$ 10,438,508

Amounts reported for governmental activities in the
 Statement of Net Position are different because:

Capital assets used in governmental activities are not
 current financial resources and, therefore, are not
 reported in the governmental funds. The cost of capital assets
 is \$45,395,072 and the accumulated depreciation is \$12,763,538. 32,631,534

Assets not available to pay for current period expenditures
 and, therefore, are recognized as deferred inflows of resources
 in the governmental funds. 39,386

The Internal Service Fund is used by management to charge
 the costs of partial self funding of the County's health insurance
 benefit plan to individual funds. The assets and liabilities of the
 Internal Service Fund are included with governmental activities in
 the Statement of Net Position. 664,833

Pension related deferred outflows of resources and deferred inflows
 of resources are not due and payable in the current year and, therefore,
 are not reported in the governmental fund, as follows:

Deferred outflows of resources	\$ 912,998	
Deferred inflows of resources	(701,055)	211,943

Accrued interest payable, and long-term liabilities, including
 general obligation bonds, compensated absences payable,
 and net pension liability are not due and payable in the
 current period and, therefore, are not reported in the
 governmental funds. (5,475,701)

Net position of governmental activities (page 5) \$ 38,510,503

See notes to financial statements.

Cass County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2020

	<u>General</u>	<u>Special Revenue Rural Services</u>
Revenues:		
Property and other County tax	\$ 4,454,858	\$ 2,607,589
Local option sales tax	--	--
Interest and penalty on property tax	30,932	--
Intergovernmental	625,782	403,339
Licenses and permits	51,040	--
Charges for service	353,559	--
Use of money and property	221,385	--
Miscellaneous	<u>103,915</u>	<u>3,467</u>
Total revenues	<u>5,841,471</u>	<u>3,014,395</u>
Expenditures:		
Operating:		
Public safety and legal services	2,007,183	891,394
Physical health and social services	428,591	--
Mental health	--	--
County environment and education	409,586	112,969
Roads and transportation	--	288,540
Governmental services to residents	552,429	--
Administration	1,560,948	--
Non-program	73,596	--
Debt service	--	--
Capital projects	<u>--</u>	<u>156</u>
Total expenditures	<u>5,032,333</u>	<u>1,293,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>809,138</u>	<u>1,721,336</u>

(continued next page)

Special Revenue		Capital Projects	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ --	\$ --	\$ --	\$ 305,320	\$ 7,367,767
--	692,299	--	--	692,299
--	--	--	--	30,932
3,710,411	--	--	88,182	4,827,714
3,240	--	--	--	54,280
--	--	--	2,374	355,933
--	--	119,512	1,356	342,253
50,838	25,000	9,763	27,503	220,486
<u>3,764,489</u>	<u>717,299</u>	<u>129,275</u>	<u>424,735</u>	<u>13,891,664</u>
--	--	--	41,632	2,940,209
--	--	--	--	428,591
--	--	--	371,860	371,860
--	--	--	30,218	552,773
5,602,530	--	--	--	5,891,070
--	--	--	--	552,429
--	--	--	--	1,560,948
--	--	--	--	73,596
--	--	--	288,816	288,816
12,558	148,296	41,279	--	202,289
<u>5,615,088</u>	<u>148,296</u>	<u>41,279</u>	<u>732,526</u>	<u>12,862,581</u>
<u>(1,850,599)</u>	<u>569,003</u>	<u>87,996</u>	<u>(307,791)</u>	<u>1,029,083</u>

Cass County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds - continued

Year ended June 30, 2020

	<u>General</u>	<u>Special Revenue Rural Services</u>
Other financing sources (uses):		
Sale of capital assets	\$ --	\$ --
Transfers in	--	276,919
Transfers out	<u>(900,926)</u>	<u>(2,089,743)</u>
Total other financing sources (uses)	<u>(900,926)</u>	<u>(1,812,824)</u>
Change in fund balances	(91,788)	(91,488)
Fund balances beginning of year	<u>2,129,550</u>	<u>1,273,167</u>
Fund balances end of year	<u><u>\$ 2,037,762</u></u>	<u><u>\$ 1,181,679</u></u>

See notes to financial statements.

Special Revenue		Capital Projects	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ 37,000	\$ --	\$ --	\$ --	\$ 37,000
2,458,058	--	500,000	232,611	3,467,588
--	(476,919)	--	--	(3,467,588)
<u>2,495,058</u>	<u>(476,919)</u>	<u>500,000</u>	<u>232,611</u>	<u>37,000</u>
644,459	92,084	587,996	(75,180)	1,066,083
<u>2,815,239</u>	<u>552,017</u>	<u>1,415,857</u>	<u>1,186,595</u>	<u>9,372,425</u>
<u>\$ 3,459,698</u>	<u>\$ 644,101</u>	<u>\$ 2,003,853</u>	<u>\$ 1,111,415</u>	<u>\$ 10,438,508</u>

Cass County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds to the Statement of Activities

Year ended June 30, 2020

Change in fund balances - Total governmental funds (page 11) \$ 1,066,083

Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate
those expenditures over the life of the assets. Capital outlay
expenditures and contributed capital assets exceeded depreciation
expense in the current year as follows:

Expenditures for capital assets	\$ 3,006,852	
Capital assets contributed by the Iowa Department of Transportation	1,156,817	
Depreciation expense	<u>(1,551,978)</u>	2,611,691

Proceeds from issuing long-term liabilities provide current
financial resources to governmental funds, but issuing debt increases
long-term liabilities in the Statement of Net Position. Repayment of
long-term liabilities is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the Statement of Net
Position. Current year repayments exceeded issuances, as follows:

Principal paid	229,479
----------------	---------

Because some revenues will not be collected for several months after
the County's year end, they are not considered available revenues
and are recognized as deferred inflows of resources in the governmental
funds, as follows:

Property tax	26,290
--------------	--------

The current year County IPERS contributions are reported as expenditures
in the governmental funds but are reported as deferred outflow of resources
in the Statement of Net Position

436,121

Some expenses reported in the Statement of Activities do not require
the use of current financial resources and, therefore, are not reported
as expenditures in the governmental funds, as follows:

Compensated absences	(37,028)	
Pension expense	(563,446)	
Interest on long-term debt	<u>14</u>	(600,460)

The Internal Service Fund is used by management to charge the costs of
of the partial self-funding of the County's health insurance benefit plan
to individual funds. The change in net position of the Internal Fund is
reported with governmental activities.

237,698

Change in net position of governmental activities (page 6)

\$ 4,006,902

See notes to financial statements.

Cass County
Statement of Net Position
Proprietary Fund

June 30, 2020

	Internal Service - Employee Group Health
	<u> </u>
Assets:	
Cash and cash equivalents	\$ <u>687,121</u>
Total assets	687,121
Liabilities:	
Accounts payable	<u>22,288</u>
Net Position:	
Unrestricted	<u><u>\$ 664,833</u></u>

See notes to financial statements.

Cass County
Statement of Revenues, Expenses, and Changes
in Fund Net Position
Proprietary Fund

Year ended June 30, 2020

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		\$ 1,616,341
Reimbursements from employees		264,744
Miscellaneous revenue		<u>60,965</u>
Total operating revenues		1,942,050
Operating expenses:		
Medical claims	\$ 275,886	
Insurance premiums	1,371,904	
Administrative fees	<u>56,562</u>	<u>1,704,352</u>
Operating income		237,698
Net position beginning of year		<u>427,135</u>
Net position end of year		<u><u>\$ 664,833</u></u>

See notes to financial statements.

Cass County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2020

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,616,341
Cash received from employees and others	325,709
Cash payments to suppliers for services	<u>(1,682,464)</u>
Net cash provided by operating activities	259,586
Cash and cash equivalents at beginning of year	<u>427,535</u>
Cash and cash equivalents at end of year	<u><u>\$ 687,121</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 237,698
Increase in accounts payable	<u>21,888</u>
Net cash provided by operating activities	<u><u>\$ 259,586</u></u>

See notes to financial statements.

Cass County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2020

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,278,683
Other County officials	10,564
Receivables:	
Property tax:	
Delinquent	277,444
Succeeding year	23,795,000
Due from other governments	124,701
Total assets	<u>25,486,392</u>

Liabilities

Accounts payable	29,632
Salaries and benefits payable	55,761
Due to other funds	1,968
Due to other governments	939,935
Trusts payable	8,596
Compensated absences	79,014
Total liabilities	<u>1,114,906</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>23,795,000</u>
Net position	<u>\$ 576,486</u>

See notes to financial statements.

Cass County
Statement of Changes in Fiduciary Net Position
Custodial Funds
Year ended June 30, 2020

Additions:	
Property and other County tax	\$ 22,369,039
E911 surcharge	86,012
State tax credits	2,450,106
Office fees and collections	316,596
Auto licenses, use tax and postage	5,108,543
Drivers' license fees	94,632
Electronic transaction fees	2,374
Assessments	31,368
Trusts	430,956
Advances	79,800
Miscellaneous	<u>2,007,491</u>
Total additions	32,976,917
Deductions:	
Agency Remittances:	
To other funds	626,053
To other governments	31,763,953
Trusts paid out	<u>430,956</u>
Total deductions	<u>32,820,962</u>
Changes in net position	155,955
Net position beginning of year, as restated	<u>420,531</u>
Net position end of year	<u>\$ 576,486</u>

See notes to financial statements.

Cass County
Notes to Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Cass County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Cass County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Nine drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cass County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Cass County Auditor's office.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint two of the five members to the board of the Cass County Environmental Control Agency. An audit of this Agency is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Cass County Assessor's Conference Board, Public Safety Communications Commission, Cass County Joint E911 Service Board and Cass County Emergency Management Services Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

The Local Option Sales Tax Fund is used to account for the sales tax revenues to be used for property tax relief, community betterment, and capital improvements.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cass County
Notes to Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as deferred inflows of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings, and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Cass County

Notes to Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 800 hours (1,004 hours for employees under bargaining agreement in the secondary roads department), upon retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for amounts paid to employees within sixty days after year end. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position applicable to future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension expense, and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balance - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Position - The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$721,900. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount which may be invested in any one issuer.

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Custodial:	
	County Offices	\$ 1,968
Special Revenue:	Special Revenue:	
Rural Services	Local Option Sales Tax	<u>24,035</u>
		<u>\$ 26,003</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Rural Services	Special Revenue: Local Option Sales Tax	\$ 276,919
Special Revenue: Secondary Roads	General	168,315
	Special Revenue: Rural Services	2,089,743
	Local Option Sales Tax	<u>200,000</u>
		2,458,058
Capital Projects	General	500,000
Debt Service	General	<u>232,611</u>
		<u>\$ 3,467,588</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,352,000	\$ --	\$ --	\$ 1,352,000
Construction in progress	<u>8,851</u>	<u>3,305,265</u>	<u>3,303,510</u>	<u>10,606</u>
Total capital assets not being depreciated	<u>1,360,851</u>	<u>3,305,265</u>	<u>3,303,510</u>	<u>1,362,606</u>
Capital assets being depreciated:				
Buildings	2,513,690	--	--	2,513,690
Equipment and vehicles	7,568,920	858,404	520,657	7,906,667
Infrastructure, road network	<u>30,308,599</u>	<u>3,303,510</u>	<u>--</u>	<u>33,612,109</u>
Total capital assets being depreciated	<u>40,391,209</u>	<u>4,161,914</u>	<u>520,657</u>	<u>44,032,466</u>
Less accumulated depreciation for:				
Buildings	1,634,354	40,422	--	1,674,776
Equipment and vehicles	4,682,598	702,927	520,657	4,864,868
Infrastructure, road network	<u>5,415,265</u>	<u>808,629</u>	<u>--</u>	<u>6,223,894</u>
Total accumulated depreciation	<u>11,732,217</u>	<u>1,551,978</u>	<u>520,657</u>	<u>12,763,538</u>
Total capital assets being depreciated, net	<u>28,658,992</u>	<u>2,609,936</u>	<u>--</u>	<u>31,268,928</u>
Governmental activities capital assets, net	<u>\$ 30,019,843</u>	<u>\$5,915,201</u>	<u>\$3,303,510</u>	<u>\$ 32,631,534</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 42,924
County environment and education	47,993
Roads and transportation	1,314,545
Administrative services	<u>146,516</u>
Total depreciation expense - governmental activities	<u>\$1,551,978</u>

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 6 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 54,771
Special Revenue:		
Secondary Roads	Services	150
Local Option Sales Tax		488
Drainage Districts		<u>1,550</u>
Total for governmental funds		<u>\$ 56,959</u>
Custodial:		
Schools	Collections	\$ 235,416
Corporations		155,370
Auto License and Use Tax		474,323
All Other		<u>74,826</u>
Total for custodial funds		<u>\$ 939,935</u>

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	<u>General Obligation Notes and Bonds</u>	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Total</u>
Balance beginning of year	\$2,727,479	\$ 256,677	\$3,063,742	\$6,047,898
Increases	--	14,046	--	14,046
Decreases	<u>229,479</u>	<u>--</u>	<u>312,847</u>	<u>542,326</u>
Balance end of year	<u>\$2,498,000</u>	<u>\$ 270,723</u>	<u>\$2,750,895</u>	<u>\$5,519,618</u>
Due within one year	<u>\$ 423,000</u>	<u>\$ 270,723</u>	<u>\$ --</u>	<u>\$ 693,723</u>

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES - Continued

A summary of the County's June 30, 2020 general obligation indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2021	2.25%	\$ 423,000	\$ 56,205	\$ 479,205
2022	2.25%	433,000	46,688	479,688
2023	2.25%	443,000	36,945	479,945
2024	2.25%	453,000	26,977	479,977
2025	2.25%	463,000	16,785	479,785
2026	2.25%	283,000	6,368	289,368
Total		<u>\$ 2,498,000</u>	<u>\$ 189,968</u>	<u>\$ 2,687,968</u>

During the year ended June 30, 2020, the County retired \$229,479 of general obligation debt.

NOTE 8 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Cass County
Notes to Financial Statements

June 30, 2020

NOTE 8 - PENSION PLAN - Continued

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

Cass County
Notes to Financial Statements

June 30, 2020

NOTE 8 - PENSION PLAN - Continued

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$436,121.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the County reported a liability of \$2,750,895 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.047506%, which was a decrease of 0.000908% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$563,446. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,616	\$ 116,495
Changes of assumptions	376,541	85,019
Net difference between projected and actual earnings on IPERS investments	--	416,166
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	83,720	83,375
County contributions subsequent to the measurement date	<u>436,121</u>	<u>--</u>
	<u>\$ 912,998</u>	<u>\$ 701,055</u>

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 8 - PENSION PLAN - Continued

The \$436,121 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 29,964
2022	(118,949)
2023	(68,264)
2024	(61,895)
2025	(5,034)
Total	<u><u>\$ (224,178)</u></u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

Cass County

Notes to Financial Statements

June 30, 2020

NOTE 8 - PENSION PLAN - Continued

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ 5,535,796	\$ 2,750,895	\$ 415,452

Cass County
Notes to Financial Statements

June 30, 2020

NOTE 8 - PENSION PLAN - Continued

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

NOTE 9 - RISK MANAGEMENT

Cass County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expense, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were approximately \$183,900.

Cass County
Notes to Financial Statements

June 30, 2020

NOTE 9 - RISK MANAGEMENT - Continued

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of \$5,000 for single coverage and \$10,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN - Continued

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2020 was \$1,616,341.

Amounts payable from the Employee Group Health Fund at June 30, 2020 total \$22,288, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. At June 30, 2020, the County has accumulated funds in excess of actual claims paid of \$664,833, which is reported as net position of the Internal Service, Employee Group Health Fund.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by Cass County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>90</u>
Total	<u><u>91</u></u>

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

Net OPEB Obligation: Management had an actuarial valuation performed dated October 3, 2016. The actuarial report noted the unfunded actuarial accrued liability to be \$209,717. The annual required contribution for the year end June 30, 2020 is \$30,989. The actuarial accrued liability is assuming a 30% participation rate; however, the County's current participation rate is approximately two percent. Because of the high assumed participation rate, management considers the actuarial accrued liability to be overstated. Management considers the liability to be immaterial and has not recorded this liability in its statement of net position.

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2019 through June 30, 2020, the actuarial accrued liability was \$210,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$210,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,334,000 and the ratio of the UAAL to covered payroll was 5.0%. As of June 30, 2020, there were no trust fund assets.

NOTE 12 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Tax Abated</u>
City of Massena	Urban renewal and economic development projects	\$ 51,003
City of Atlantic	Urban renewal and economic development projects	13,484

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into contracts totaling approximately \$876,000, primarily for bridge replacement and road paving to be completed during fiscal year 2021. As of June 30, 2020, the County has incurred \$10,606 on these projects. The projects will be financed with existing funds.

Subsequent Events

The County has evaluated all subsequent events through March 10, 2021, the date the financial statements were available to be issued.

NOTE 14 - CASS COUNTY FINANCIAL INFORMATION INCLUDED IN THE
SOUTHWEST IOWA MENTAL HEALTH AND DISABILITY SERVICES
REGION

Southwest Iowa Mental Health and Disability Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie, Shelby, and Cass. The financial activity and balances of Cass County's Special Revenue, Mental Health Fund is included in the Southwest Iowa Mental Health and Disability Services Region for the year ended June 30, 2020 as follows:

Revenues:

Property and other county tax	\$ 305,320
Intergovernmental revenues:	
State tax credits	<u>30,526</u>
Total revenues	<u>335,846</u>

Expenditures:

Services to persons with:		
Mental illness		40,428
General administration:		
Direct administration	1,932	
Distribution to regional fiscal agent	<u>329,500</u>	<u>331,432</u>
Total expenditures		<u>371,860</u>

Excess of expenditures over revenues	(36,014)
Fund balance beginning of the year	<u>244,850</u>
Fund balance end of the year	<u>\$ 208,836</u>

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 14 - CASS COUNTY FINANCIAL INFORMATION INCLUDED IN THE
SOUTHWEST IOWA MENTAL HEALTH AND DISABILITY SERVICES
REGION - Continued

	<u>Mental Health</u>
Assets	
Cash and pooled investments	\$ 209,428
Receivables:	
Property Tax:	
Delinquent	3,377
Succeeding year	<u>314,000</u>
Total assets	<u>\$ 526,805</u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities:	
Salaries and benefits payable	\$ 1,477
Compensated absences	<u>998</u>
Total liabilities	<u>2,475</u>
Deferred Inflows of Resources:	
Unavailable Revenues:	
Succeeding year property tax	314,000
Other	<u>1,494</u>
Total deferred inflows of resources	<u>315,494</u>
Fund Balance:	
Restricted for:	
Mental Health purposes	<u>208,836</u>
Total fund balance	<u>208,836</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 526,805</u>

Cass County
Notes to Financial Statements
June 30, 2020

NOTE 15 - ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2020. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2019 as previously reported	\$ --
Change to implement GASBS No. 84	<u>420,531</u>
Net position July 1 2019, as restated	<u><u>\$ 420,531</u></u>

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Cass County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds

Required Supplementary Information

Year ended June 30, 2020

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
Receipts:			
Property and other County tax	\$ 8,016,246	\$ --	\$ 8,016,246
Interest and penalty on property tax	26,424	--	26,424
Intergovernmental	4,760,756	--	4,760,756
Licenses and permits	55,865	--	55,865
Charges for service	353,188	--	353,188
Use of money and property	332,202	--	332,202
Miscellaneous	210,122	--	210,122
Total receipts	<u>13,754,803</u>	<u>--</u>	<u>13,754,803</u>
Disbursements:			
Public safety and legal services	2,944,790	--	2,944,790
Physical health and social services	438,002	--	438,002
Mental health	371,060	--	371,060
County environment and education	543,152	--	543,152
Roads and transportation	5,954,271	--	5,954,271
Governmental services to residents	552,036	--	552,036
Administrative services	1,472,797	--	1,472,797
Non-program	85,271	--	85,271
Debt service	288,816	--	288,816
Capital projects	198,597	--	198,597
Total disbursements	<u>12,848,792</u>	<u>--</u>	<u>12,848,792</u>
Excess (deficiency) of receipts over (under) disbursements	906,011	--	906,011
Other financing sources, net	<u>37,000</u>	<u>--</u>	<u>37,000</u>
Change in fund balances	943,011	--	943,011
Balance beginning of year	<u>9,647,894</u>	<u>1,550</u>	<u>9,646,344</u>
Balance end of year	<u>\$ 10,590,905</u>	<u>\$ 1,550</u>	<u>\$ 10,589,355</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
\$ 8,144,088	\$ 8,144,088	\$(127,842)
43,200	43,200	(16,776)
5,499,398	5,499,398	(738,642)
15,840	15,840	40,025
330,630	330,630	22,558
205,918	205,918	126,284
471,660	471,660	(261,538)
<u>14,710,734</u>	<u>14,710,734</u>	<u>(955,931)</u>
3,386,380	3,386,380	441,590
527,248	527,248	89,246
371,508	371,508	448
770,309	770,309	227,157
6,669,000	6,669,000	714,729
603,049	603,049	51,013
1,593,081	1,593,081	120,284
1,100,000	1,100,000	1,014,729
157,805	157,805	(131,011)
3,892,704	3,892,704	3,694,107
<u>19,071,084</u>	<u>19,071,084</u>	<u>6,222,292</u>
(4,360,350)	(4,360,350)	5,266,361
<u>--</u>	<u>--</u>	<u>37,000</u>
(4,360,350)	(4,360,350)	5,303,361
<u>8,678,642</u>	<u>8,678,642</u>	<u>967,702</u>
<u>\$ 4,318,292</u>	<u>\$ 4,318,292</u>	<u>\$ 6,271,063</u>

Cass County
 Budgetary Comparison Schedule -Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2020

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 13,754,803	\$ 136,861	\$ 13,891,664
Expenditures	<u>12,848,792</u>	<u>13,789</u>	<u>12,862,581</u>
Net	906,011	123,072	1,029,083
Other financing sources, net	37,000	--	37,000
Beginning fund balances	<u>9,647,894</u>	<u>(275,469)</u>	<u>9,372,425</u>
Ending fund balances	<u>\$ 10,590,905</u>	<u>\$ (152,397)</u>	<u>\$ 10,438,508</u>

See accompanying independent auditor's report.

Cass County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2020

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Custodial Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. There were no budget amendments during the year.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

Cass County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Six Years

Required Supplementary Information

	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability	0.047506%	0.048414%
County's proportionate share of the net pension liability	\$ 2,751,000	\$ 3,064,000
County's covered payroll	\$ 4,523,000	\$ 4,389,000
County's proportionate share of the net pension liability as a percentage of its covered payroll	60.82%	69.81%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

Note: In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year. Amounts reported are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.048771%	0.050783%	0.051115%	0.051408%
\$ 3,249,000	\$ 3,196,000	\$ 2,525,000	\$ 2,039,000
\$ 4,156,000	\$ 4,153,000	\$ 4,144,000	\$ 4,086,000
78.18%	76.96%	60.93%	49.90%
82.21%	81.82%	85.19%	87.61%

Cass County
Schedule of County Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 436,000	\$ 431,000	\$ 396,000	\$ 377,000
Contributions in relation to the statutorily required contribution	<u>(436,000)</u>	<u>(431,000)</u>	<u>(396,000)</u>	<u>(377,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered payroll	\$ 4,603,000	\$ 4,523,000	\$ 4,389,000	\$ 4,156,000
Contributions as a percentage of covered payroll	9.47%	9.53%	9.02%	9.07%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 378,000	\$ 377,000	\$ 371,000	\$ 338,000	\$ 309,000	\$ 262,000
<u>-(378,000)</u>	<u>-(377,000)</u>	<u>-(371,000)</u>	<u>-(338,000)</u>	<u>-(309,000)</u>	<u>-(262,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 4,153,000	\$ 4,144,000	\$ 4,086,000	\$ 3,814,000	\$ 3,705,000	\$ 3,593,000
9.10%	9.10%	9.08%	8.86%	8.34%	7.29%

Cass County

Notes to Required Supplementary Information - Pension Liability

Year Ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

Cass County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Mental Health	Conservation Land Acquisition Trust
Assets				
Cash and pooled investments	\$ 6,888	\$ 110	\$ 209,428	\$ 17,968
Receivables:				
Property Tax:				
Delinquent	--	--	3,377	--
Succeeding Year	--	--	314,000	--
Due from other governments	--	--	--	--
Total assets	<u>\$ 6,888</u>	<u>\$ 110</u>	<u>\$ 526,805</u>	<u>\$ 17,968</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ 50
Salaries and benefits payable	--	--	1,477	--
Due to other governments	--	--	--	--
Compensated absences	--	--	998	--
Total liabilities	<u>--</u>	<u>--</u>	<u>2,475</u>	<u>50</u>
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	--	--	314,000	--
Other	--	--	1,494	--
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>315,494</u>	<u>--</u>
Fund balances:				
Restricted for:				
Mental health purposes	--	--	208,836	--
Other purposes	6,888	110	--	17,918
Total fund balances	<u>6,888</u>	<u>110</u>	<u>208,836</u>	<u>17,918</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,888</u>	<u>\$ 110</u>	<u>\$ 526,805</u>	<u>\$ 17,968</u>

See accompanying independent auditor's report.

Special Revenue					
Resource Enhancement and Protection	Flood and Erosion	Drainage Districts	County Attorney and Sheriff Investigation	Debt Service	Total
\$ 100,692	\$ 95,652	\$ 1,550	\$ 662,672	\$ 22,120	\$ 1,117,080
--	--	--	--	--	3,377
--	--	--	--	688,000	1,002,000
--	--	--	1	--	1
<u>\$ 100,692</u>	<u>\$ 95,652</u>	<u>\$ 1,550</u>	<u>\$ 662,673</u>	<u>\$ 710,120</u>	<u>\$ 2,122,458</u>
\$ --	\$ --	\$ --	\$ 3,474	\$ --	\$ 3,524
--	--	--	--	--	1,477
--	--	1,550	--	--	1,550
--	--	--	--	--	998
<u>--</u>	<u>--</u>	<u>1,550</u>	<u>3,474</u>	<u>--</u>	<u>7,549</u>
--	--	--	--	688,000	1,002,000
--	--	--	--	--	1,494
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>688,000</u>	<u>1,003,494</u>
--	--	--	--	--	208,836
<u>100,692</u>	<u>95,652</u>	<u>--</u>	<u>659,199</u>	<u>22,120</u>	<u>902,579</u>
<u>100,692</u>	<u>95,652</u>	<u>--</u>	<u>659,199</u>	<u>22,120</u>	<u>1,111,415</u>
<u>\$ 100,692</u>	<u>\$ 95,652</u>	<u>\$ 1,550</u>	<u>\$ 662,673</u>	<u>\$ 710,120</u>	<u>\$ 2,122,458</u>

Cass County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2020

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Mental Health	Conservation Land Acquisition Trust
Revenues:				
Property and other County tax	\$ --	\$ --	\$ 305,320	\$ --
Intergovernmental	--	--	30,526	--
Charges for service	2,374	--	--	--
Use of money and property	23	51	--	--
Miscellaneous	--	--	--	6,114
Total revenues	<u>2,397</u>	<u>51</u>	<u>335,846</u>	<u>6,114</u>
Expenditures:				
Operating:				
Public safety and legal services	--	--	--	--
Mental health	--	--	371,860	--
County environment and education	1,500	--	--	9,254
Debt service	--	--	--	--
Total expenditures	<u>1,500</u>	<u>--</u>	<u>371,860</u>	<u>9,254</u>
Excess (deficiency) of revenues over (under) expenditures	897	51	(36,014)	(3,140)
Other financing sources (uses):				
Transfers in	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in fund balances	897	51	(36,014)	(3,140)
Fund balances beginning of year	<u>5,991</u>	<u>59</u>	<u>244,850</u>	<u>21,058</u>
Fund balances end of year	<u>\$ 6,888</u>	<u>\$ 110</u>	<u>\$ 208,836</u>	<u>\$ 17,918</u>

See accompanying independent auditor's report.

Special Revenue					
Resource Enhancement and Protection	Flood and Erosion	Drainage Districts	County Attorney and Sheriff Investigation	Debt Service	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 305,320
10,722	27,000	--	19,934	--	88,182
--	--	--	--	--	2,374
1,167	--	--	115	--	1,356
--	--	--	21,389	--	27,503
<u>11,889</u>	<u>27,000</u>	<u>--</u>	<u>41,438</u>	<u>--</u>	<u>424,735</u>
--	--	--	41,632	--	41,632
--	--	--	--	--	371,860
--	19,464	--	--	--	30,218
--	--	--	--	288,816	288,816
<u>--</u>	<u>19,464</u>	<u>--</u>	<u>41,632</u>	<u>288,816</u>	<u>732,526</u>
11,889	7,536	--	(194)	(288,816)	(307,791)
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>232,611</u>	<u>232,611</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>232,611</u>	<u>232,611</u>
11,889	7,536	--	(194)	(56,205)	(75,180)
<u>88,803</u>	<u>88,116</u>	<u>--</u>	<u>659,393</u>	<u>78,325</u>	<u>1,186,595</u>
<u>\$ 100,692</u>	<u>\$ 95,652</u>	<u>\$ --</u>	<u>\$ 659,199</u>	<u>\$ 22,120</u>	<u>\$ 1,111,415</u>

Cass County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2020

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ --	\$ 1,735	\$ 133,308
Other County officials	10,564	--	--
Receivables:			
Property tax:			
Delinquent	--	2,664	5,723
Succeeding year	--	248,000	532,000
Due from other governments	<u> --</u>	<u> --</u>	<u> 24,473</u>
Total assets	<u> 10,564</u>	<u> 252,399</u>	<u> 695,504</u>
Liabilities			
Accounts payable	--	--	538
Salaries and benefits payable	--	--	10,798
Due to other funds	1,968	--	--
Due to other governments	--	4,399	--
Trusts payable	8,596	--	--
Compensated absences	<u> --</u>	<u> --</u>	<u> 24,473</u>
Total liabilities	<u> 10,564</u>	<u> 4,399</u>	<u> 35,809</u>
Deferred Inflows of Resources			
Unavailable revenues	<u> --</u>	<u> 248,000</u>	<u> 532,000</u>
Net Position			
Restricted for individuals, organizations, and other governments	<u> \$ --</u>	<u> \$ --</u>	<u> \$ 127,695</u>

(continued next page)

<u>Child Support Recovery</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 31,503	\$ 29,610	\$ 2,017	\$ 92,426	\$ 9,086	\$ 70,695
--	--	--	--	--	--
--	--	--	142,990	13,908	84,675
--	--	--	12,923,000	1,328,000	6,126,000
<u>31,125</u>	<u>4,521</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>62,628</u>	<u>34,131</u>	<u>2,017</u>	<u>13,158,416</u>	<u>1,350,994</u>	<u>6,281,370</u>
--	--	--	--	--	--
14,663	2,449	--	--	--	--
--	--	--	--	--	--
--	--	--	235,416	22,994	155,370
--	--	--	--	--	--
<u>9,814</u>	<u>4,521</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>24,477</u>	<u>6,970</u>	<u>--</u>	<u>235,416</u>	<u>22,994</u>	<u>155,370</u>
--	--	--	12,923,000	1,328,000	6,126,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>12,923,000</u>	<u>1,328,000</u>	<u>6,126,000</u>
\$ 38,151	\$ 27,161	\$ 2,017	\$ --	\$ --	\$ --

Cass County
Combining Schedule of Fiduciary Net Position - Continued
Custodial Funds

June 30, 2020

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 1,444	\$ --	\$ 1,855
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	2,790	--	4
Succeeding year	343,000	--	3,000
Due from other governments	<u>--</u>	<u>44,264</u>	<u>--</u>
Total assets	<u>347,234</u>	<u>44,264</u>	<u>4,859</u>
Liabilities			
Accounts payable	--	12,209	--
Salaries and benefits payable	--	12,167	--
Due to other funds	--	--	--
Due to other governments	4,234	--	1,859
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>19,888</u>	<u>--</u>
Total liabilities	<u>4,234</u>	<u>44,264</u>	<u>1,859</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>343,000</u>	<u>--</u>	<u>3,000</u>
Net Position			
Restricted for individuals, organizations, and other governments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>	<u>E911 Operating</u>
\$ 491,208	\$ 74,135	\$ 16,678	\$ 59,899	\$ 370	\$ 1,050
--	--	--	--	--	--
--	28	24,662	--	--	--
--	--	2,292,000	--	--	--
--	--	--	20,318	--	--
<u>491,208</u>	<u>74,163</u>	<u>2,333,340</u>	<u>80,217</u>	<u>370</u>	<u>1,050</u>
16,885	--	--	--	--	--
--	--	--	15,684	--	--
--	--	--	--	--	--
474,323	--	41,340	--	--	--
--	--	--	--	--	--
--	--	--	20,318	--	--
<u>491,208</u>	<u>--</u>	<u>41,340</u>	<u>36,002</u>	<u>--</u>	<u>--</u>
--	--	2,292,000	--	--	--
<u>\$ --</u>	<u>\$ 74,163</u>	<u>\$ --</u>	<u>\$ 44,215</u>	<u>\$ 370</u>	<u>\$ 1,050</u>

Cass County
Combining Schedule of Fiduciary Net Position - Continued
Custodial Funds

June 30, 2020

	<u>E911 Surcharge</u>	<u>Total</u>
Assets		
Cash and pooled investments:		
County Treasurer	\$ 261,664	\$ 1,278,683
Other County officials	--	10,564
Receivables:		
Property tax:		
Delinquent	--	277,444
Succeeding year	--	23,795,000
Due from other governments	<u>--</u>	<u>124,701</u>
Total assets	<u>261,664</u>	<u>25,486,392</u>
Liabilities		
Accounts payable	--	29,632
Salaries and benefits payable	--	55,761
Due to other funds	--	1,968
Due to other governments	--	939,935
Trusts payable	--	8,596
Compensated absences	<u>--</u>	<u>79,014</u>
Total liabilities	<u>--</u>	<u>1,114,906</u>
Deferred Inflows of Resources		
Unavailable revenues	<u>--</u>	<u>23,795,000</u>
Net Position		
Restricted for individuals, organizations, and other governments	<u>\$ 261,664</u>	<u>\$ 576,486</u>

See accompanying independent auditor's report.

Cass County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2020

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Additions:			
Property and other County tax	\$ --	\$ 236,929	\$ 512,305
E911 surcharge	--	--	--
State tax credits	--	23,128	40,873
Office fees and collections	316,451	--	145
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	302,111	--	--
Advances	--	--	--
Miscellaneous	--	--	210
Total additions	<u>618,562</u>	<u>260,057</u>	<u>553,533</u>
Deductions:			
Agency Remittances:			
To other funds	160,747	--	--
To other governments	155,704	260,057	461,070
Trusts paid out	302,111	--	--
Total deductions	<u>618,562</u>	<u>260,057</u>	<u>461,070</u>
Changes in net position	--	--	92,463
Net position beginning of year, as restated	<u>--</u>	<u>--</u>	<u>35,232</u>
Net position end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 127,695</u>

(continued next page)

<u>Child Support Recovery</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ --	\$ --	\$ --	\$ 12,297,056	\$ 1,268,467	\$ 5,530,502
--	--	--	--	--	--
--	--	--	1,212,578	124,055	800,937
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	31,368	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>261,752</u>	<u>98,883</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>261,752</u>	<u>98,883</u>	<u>31,368</u>	<u>13,509,634</u>	<u>1,392,522</u>	<u>6,331,439</u>
--	--	--	--	--	--
267,004	99,804	37,505	13,509,634	1,392,522	6,331,439
--	--	--	--	--	--
<u>267,004</u>	<u>99,804</u>	<u>37,505</u>	<u>13,509,634</u>	<u>1,392,522</u>	<u>6,331,439</u>
(5,252)	(921)	(6,137)	--	--	--
<u>43,403</u>	<u>28,082</u>	<u>8,154</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 38,151</u>	<u>\$ 27,161</u>	<u>\$ 2,017</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Cass County

Combining Schedule of Changes in Fiduciary Net Position - Continued
Custodial Funds

Year ended June 30, 2020

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Additions:			
Property and other County tax	\$ 336,710	\$ --	\$ 2,578
E911 surcharge	--	--	--
State tax credits	25,912	--	259
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Miscellaneous	--	898,746	--
Total additions	<u>362,622</u>	<u>898,746</u>	<u>2,837</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	362,622	898,746	2,837
Trusts paid out	--	--	--
Total deductions	<u>362,622</u>	<u>898,746</u>	<u>2,837</u>
Changes in net position	--	--	--
Net position beginning of year, as restated	<u>--</u>	<u>--</u>	<u>--</u>
Net position end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>
\$ --	\$ --	\$ 2,184,492	\$ --	\$ --
--	--	--	--	--
--	--	222,364	--	--
--	--	--	--	--
5,108,543	--	--	--	--
94,632	--	--	--	--
--	--	--	--	2,374
--	--	--	--	--
--	--	--	--	--
--	79,800	--	--	--
339	--	--	492,195	--
<u>5,203,514</u>	<u>79,800</u>	<u>2,406,856</u>	<u>492,195</u>	<u>2,374</u>
202,118	--	--	--	--
5,001,396	91,535	2,406,856	482,780	2,442
--	--	--	--	--
<u>5,203,514</u>	<u>91,535</u>	<u>2,406,856</u>	<u>482,780</u>	<u>2,442</u>
--	(11,735)	--	9,415	(68)
--	85,898	--	34,800	438
<u>\$ --</u>	<u>\$ 74,163</u>	<u>\$ --</u>	<u>\$ 44,215</u>	<u>\$ 370</u>

Cass County
Combining Schedule of Changes in Fiduciary Net Position - Continued
Custodial Funds

Year ended June 30, 2020

	<u>E911 Operating</u>	<u>E911 Surcharge</u>
Additions:		
Property and other County tax	\$ --	\$ --
E911 surcharge	--	86,012
State tax credits	--	--
Office fees and collections	--	--
Auto licenses, use tax and postage	--	--
Drivers license fees	--	--
Electronic transaction fees	--	--
Assessments	--	--
Trusts	--	--
Advances	--	--
Miscellaneous	175	255,191
Total additions	<u>175</u>	<u>341,203</u>
Deductions:		
Agency Remittances:		
To other funds	--	263,188
To other governments	--	--
Trusts paid out	--	--
Total deductions	<u>--</u>	<u>263,188</u>
Changes in net position	175	78,015
Net position beginning of year, as restated	<u>875</u>	<u>183,649</u>
Net position end of year	<u>\$ 1,050</u>	<u>\$ 261,664</u>

See accompanying independent auditor's report.

<u>Tax Sale Redemption</u>	<u>Total</u>
\$ --	\$ 22,369,039
--	86,012
--	2,450,106
--	316,596
--	5,108,543
--	94,632
--	2,374
--	31,368
128,845	430,956
--	79,800
--	2,007,491
<u>128,845</u>	<u>32,976,917</u>
--	626,053
--	31,763,953
128,845	430,956
<u>128,845</u>	<u>32,820,962</u>
--	155,955
--	420,531
<u>\$ --</u>	<u>\$ 576,486</u>

Cass County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:					
Property and other					
County tax	\$ 8,060,066	\$ 8,016,887	\$ 7,738,708	\$ 7,527,868	\$ 7,224,126
Interest and penalty on					
property tax	30,932	57,903	55,626	50,750	42,300
Intergovernmental	4,827,714	5,141,207	6,088,356	6,039,930	6,051,693
Licenses and permits	54,280	22,110	15,909	20,557	26,408
Charges for service	355,933	353,573	374,718	358,113	363,309
Use of money and					
property	342,253	409,441	255,281	237,849	204,824
Miscellaneous	<u>220,486</u>	<u>330,377</u>	<u>304,428</u>	<u>381,091</u>	<u>341,858</u>
Total	<u>\$ 13,891,664</u>	<u>\$ 14,331,498</u>	<u>\$ 14,833,026</u>	<u>\$ 14,616,158</u>	<u>\$ 14,254,518</u>
Expenditures:					
Operating:					
Public safety and					
legal services	\$ 2,940,209	\$ 2,873,481	\$ 2,790,288	\$ 2,625,127	\$ 2,445,953
Physical health and					
social services	428,591	468,168	435,631	439,660	445,889
Mental health	371,860	254,813	317,227	298,552	648,784
County environment					
and education	552,773	551,339	465,126	561,688	487,219
Roads and transportation	5,891,070	6,428,830	5,498,607	5,298,103	4,599,654
Governmental services					
to residents	552,429	635,891	517,294	559,722	538,132
Administration	1,560,948	1,398,082	1,410,669	1,282,313	1,294,183
Non-program	73,596	71,454	195,915	282,612	926,177
Debt service	288,816	361,685	213,544	222,165	577,998
Capital projects	<u>202,289</u>	<u>680,848</u>	<u>4,211,694</u>	<u>2,122,837</u>	<u>1,150,386</u>
Total	<u>\$ 12,862,581</u>	<u>\$ 13,724,591</u>	<u>\$ 16,055,995</u>	<u>\$ 13,692,779</u>	<u>\$ 13,114,375</u>

See accompanying independent auditor's report.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 7,210,296	\$ 6,627,919	\$ 6,620,965	\$ 6,150,888	\$ 5,888,548
46,922	50,578	46,845	48,160	50,972
6,419,357	6,401,335	5,145,746	6,705,691	6,087,544
21,353	20,150	25,939	26,618	72,190
342,440	351,156	366,761	352,680	364,599
206,426	191,376	149,986	160,946	160,970
<u>396,798</u>	<u>258,643</u>	<u>343,528</u>	<u>944,132</u>	<u>402,507</u>
<u>\$ 14,643,592</u>	<u>\$ 13,901,157</u>	<u>\$ 12,699,770</u>	<u>\$ 14,389,115</u>	<u>\$ 13,027,330</u>
\$ 2,411,136	\$ 2,359,152	\$ 2,059,001	\$ 1,935,360	\$ 1,851,156
499,226	499,198	369,124	478,949	441,375
1,629,259	1,092,156	1,159,179	2,312,828	1,916,651
521,275	517,854	572,006	430,641	433,668
4,287,370	4,958,282	4,215,133	4,375,809	4,167,109
491,377	523,171	429,305	402,688	410,872
1,291,705	1,222,405	1,174,627	1,129,327	1,070,552
2,365,949	2,405,639	1,486,923	867,510	798,090
222,209	77,435	114,758	249,448	51,584
<u>1,166,542</u>	<u>813,009</u>	<u>362,366</u>	<u>2,196,115</u>	<u>798,625</u>
<u>\$ 14,886,048</u>	<u>\$ 14,468,301</u>	<u>\$ 11,942,422</u>	<u>\$ 14,378,675</u>	<u>\$ 11,939,682</u>

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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DAVID A. GINTHER

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Officials of Cass County, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cass County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cass County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Officials of Cass County, Iowa

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of non-compliance or other matter which is described in Part II of the accompanying Schedule of Findings and Responses.

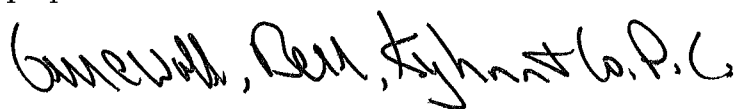
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Response to Finding

Cass County's response to finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Cass County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Camille Wall, CPA". The signature is written in a cursive, flowing style.

Atlantic, Iowa
March 10, 2021

Cass County
Schedule of Findings and Responses
Year ended June 30, 2020

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Cass County
Schedule of Findings and Responses
Year ended June 30, 2020

Part II: Other Findings Related to Required Statutory Reporting

- 20-II-A Certified Budget: Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.
- Recommendation: The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.
- Response: We will amend the budget when required and appropriations will be watched more closely by the departments.
- Conclusion: Response accepted.
- 20-II-B Questionable Expenditures: No expenditures were noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 20-II-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 20-II-D Business Transactions: No business transactions between the County and County officials or employees were noted.
- 20-II-E Restricted Donor Activity: No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 20-II-F Bond Coverage: Surety bond coverage of County officials and employees appears to be in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 20-II-G Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.
- 20-II-H Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

Cass County
Schedule of Findings and Responses
Year ended June 30, 2020

Part II: Other Findings Related to Required Statutory Reporting - continued

- 20-II-I Resource Enhancement and Protection Certification: The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

* * *